## Message Text

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R 302228Z JUN 77 FM SECSTATE WASHDC TO AMEMBASSY HELSINKI

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E.O. 11652:N/A

TAGS:EWWT, FI

SUBJECT: ICEBREAKERS: CONGRESSIONAL ACTION

REF.: HELSINKI 1280

- 1. AS INDICATED IN ARTICLE QUOTED IN REFTEL, THE CONGRESS RECENTLY AUTHORIZED \$60 MILLION FOR AN ICEBREAKER FOR THE COAST GUARD TO REPLACE ONE NOW OPERATING ON GREAT LAKES, BUT NO FUNDS HAVE BEEN APPROPRIATED FOR CURRENT YEAR (FY 78).
- 2. HOUSE MERCHANT MARINE & FISHERIES COMMITTEE REPORT, WHICH FORMS PART OF LEGISLATIVE HISTORY OF AUTHORIZATION BILL, NOTES THAT "ALTHOUGH TESTIMONY WAS RECEIVED THAT INDICATED THAT EXISTING FINNISH ICEBREAKERS WERE CAPABLE OF MEETING THE NEED FOR A GREAT LAKES ICEBREAKER, THIS AUTHORIZATION IS NOT INTENDED NECESSARILY TO ENDORSE THE ACQUISITION OF SUCH AN ICEBREAKER, OTHER THAN IN ACCORD WITH NORMAL PROCUREMENT PROCEDURES". IN STATEMENT ON HOUSE FLOOR MAY UNCLASSIFIED

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16, RANKING MINORITY MEMBER OF MERCHANT MARINE & FISHERIES COMMITTEE RUPPE SAID, "THERE WAS AMPLE DISCUSSION OF THE FINNISH ICEBREAKERS AND PROCUREMENT DURING THE HEARINGS, ALTHOUGH THE COMMITTEE DECIDED IT WAS NOT ITS PREROGATIVE TO DIRECT SOLE SOURCE PROCUREMENT, AND ALTHOUGH FINLAND IS NOT PART OF THE NATO ALLIANCE. I WOULD SUGGEST THAT SUCH

ACTION WOULD BE CONSISTENT WITH THE PRESIDENT'S PRONOUNCE-MENT PERTAINING TO OUR NATO ALLIES IN WHICH HE SAID, 'THE US MUST BE WILLING TO PROMOTE A GENUINELY TWO-WAY TRANS-ATLANTIC TRADE IN DEFENSE EQUIPMENT' . . . SUCH ACTION WOULD ALSO BE IN ACCORD WITH THE INTERESTS OF THE US IN MAINTAINING A VIABLE WESTERN DEMOCRATIC ECONOMY IN FINLAND". THE SENATE MERELY AUTHORIZED THE \$60 MILLION, WITH NO MENTION OF SOLE OR POSSIBLE FINNISH PROCUREMENT.

- 3. IN APPROPRIATION PHASE, HOUSE DID NOTHING. SENATE, HOW-EVER, DIRECTED THE COAST GUARD TO DEVELOP BY SEPTEMBER 1977 A DESCRIPTION OF DESIGN AND OPERATING CHARACTERISTICS REQUIRED FOR A GREAT LAKES ICEBREAKER. THIS WILL HAVE THE EFFECT OF KEEPING THE MATTER ALIVE FOR THE TIME BEING AND POSSIBLY OF GETTING FUNDS FOR THE PROJECT IN A SUPPLEMENTARY APPROPRIATIONS BILL LATER THIS FISCAL YEAR, ALTHOUGH THIS SEEMS UNLIKELY. IF NO FUNDS ARE APPROPRIATED THIS YEAR, THE ENTIRE PROCEDURE--AUTHORIZATION AND APPROPRIATION--WOULD HAVE TO START OVER NEXT FISCAL YEAR.
- 4. IF FUNDS ARE EVENTUALLY APPROPRIATED, IT IS BY NO MEANS CLEAR THAT FINLAND WOULD RECEIVE ANY SPECIAL TREATMENT AS A POTENTIAL SUPPLIER. ADMINISTRATION POLICY ON THE POSSIBLE PURCHASE OF FINNISH ICEBREAKERS IS SET FORTH IN STATE 142711.

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5. ON RELATED MATTER, HOUSE AND SENATE CONFERENCE AGREED JUNE 28 TO APPROPRIATION OF \$18 MILLION FOR TWO 140 FOOT HARBOR TUGS WITH ICEBREAKER CAPABILITIES. THIS IS EXPECTED ROUTINELY TO PASS BOTH HOUSES AND BE SIGNED BY THE PRESIDENT. WHETHER THESE TWO VESSELS WILL GO OUT FOR BID AS IN PAST OR POSSIBLY BE ADDED TO EXISTING CONTRACT WON BY U.S. FIRM IN EARLIER BIDDING AGAINST FINNS AND OTHERS IS UNKNOWN AT THIS TIME, BUT EMBASSY MAY, IF IT THINKS IT APPROPRIATE, WISH TO SUGGEST TO FINNS THAT THEY LOOK INTO THIS NEW OPPORTUNITY. VANCE

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